

# Claims

[c1] I claim:

A computing system using a plurality of data processors and a communication network to sell a plurality of merchantable work by way of a digital transaction, comprising:

- (a) a user database composed of a plurality of user accounts for indexing a plurality of participants on said communication network,
- (b) a merchantable work database composed of a plurality of merchantable works for indexing said merchantable works on said communication network,
- (c) a plurality of buyer data processors connected to said communication network,
- (d) a plurality of seller data processors connected to said communication network,
- (e) a search database composed of a plurality of merchantable works with pricing information offered by said seller data processors for indexing all available said merchantable works for sale on said communication network,
- (f) a verification authority consisting of a plurality of trusted data processors for performing searches for said

merchantable works and processing sales between said participants connected to said communication network, whereby said seller data processor can register said merchantable works associated with a physical file with said search database via said verification authority, and whereby said seller data processor can register pricing information for said physical file associated with said merchantable work via said verification authority, whereby said buyer data processor can search for said merchantable works on said communication network via said verification authority, and whereby said buyer data processor can purchase a merchantable work from said seller data processor via said verification authority which distributes payment into each participant account associated with said transaction, and whereby a file representing said merchantable work is transferred from said seller data processor to said buyer data processor during said transaction, and whereby said buyer data processor may re-sell said physical file representing said merchantable work on said communication network by operating as said seller data processor.

- [c2] The computing system of claim 1 further comprising:
- (a) a seller database composed of a plurality of seller

accounts for indexing sellers connected to said communication network,

(b) a buyer database composed of a plurality of buyer accounts for indexing buyers connected to said communication network,

(c) a payee database composed of a plurality of payee accounts for indexing payees connected to said communication network,

whereby the roles of said participants on the network may be identified via the database they are contained within.

[c3] The computing system of claim 2 wherein said file representing said merchantable work is accompanied with an internally embedded (watermarked), digitally signed, receipt of sale containing identifying information for said buyer data processor and said seller data processor, whereby said buyer is incentivized not to re-distribute said file via another communication network.

[c4] The computing system of claim 3 wherein said file representing said merchantable work is encrypted during transmission to the buyer data processor while said seller data processor uploads a decryption key for the encrypted file to said verification authority, whereby said buyer data processor must pay said seller data processor before accepting said decryption key.

- [c5] The computing system of claim 4 wherein said physical file representing said merchantable work is cleared of previous said receipt of sale before a current receipt of sale is embedded, whereby said buyer data processor is incentivized to re-distribute said file as said seller data processor via a compatible communication network.
- [c6] The computing system of claim 5 wherein said file associated with said merchantable work is an audio file.
- [c7] The computing system of claim 5 wherein said file associated with said merchantable work is a video file.
- [c8] The computing system of claim 5 wherein said file associated with said merchantable work is a binary executable computer program.
- [c9] The computing system of claim 5 wherein said file associated with said merchantable work is a an electronic book.
- [c10] The computing system of claim 5 wherein said file associated with said merchantable work is a visual image or picture.
- [c11] A method of securely purchasing and re-selling digitally copyrighted works on a computer file network compris-

ing:

- (a) creation of a plurality of seller accounts on a verification authority system,
- (b) creation of a plurality of buyer accounts on said verification authority system,
- (c) creation of a plurality of payee accounts on said verification authority system,
- (d) validation of said sales account, buyer account or payee account via a verifiable financial account number
- (e) creating a plurality of merchantable works on said verification authority system and assigning each said merchantable work a plurality of royalties associated with their respective payee account,
- (f) registering a plurality of files via a seller server application with said verification authority, and associating each file with said seller server application's respective sales account and said merchantable work identity,
- (g) performing a merchantable work search via the verification authority,
- (h) receiving results from said merchantable work search composed of a plurality of seller server descriptions including at least, a total price for each respective file in the set of results of said merchantable work search,
- (i) notifying said seller server application of the intent to purchase via a purchase request and a transaction contract,

(j) agreeing on said transaction contract and transferring a file associated with said merchantable work via said communication network from said seller server application to said buyer client application,

(k) said verification authority disbursing royalties from said buyer account to all registered payee accounts contained in said transaction contract.

[c12] The method of claim 11 wherein validation of said buyer account, seller account or payee account in step d comprises said participant entering their credit card account information or banking account information, whereby an account can be trusted if it is backed by a financial entity such as a bank.

[c13] The method of claim 12 wherein said registration and said pricing information in step e is performed by the creator of said merchantable work, whereby a creator of a merchantable work may set the royalty price independent of said seller server application's transmission fee.

[c14] The method of claim 13 wherein said transferred file in step j is embedded with a digital receipt of sale, whereby a buyer client application is incentivized to not re-distribute said transferred file because it contains personally identifying information.

- [c15] The method of claim 14 wherein a file purchased via said communication network is cleared of all digital receipts before it is re-sold on said communication network.
- [c16] The method of claim 15 further comprising:  
(l) said buyer, after having purchased said file associated with said merchantable work via said communication network, re-selling said file to other buyers on said communication network,  
whereby participants on said communication network are incentivized for re-distributing files by being remunerated and creators are aided in distributing large digital files using peer-to-peer technology.
- [c17] The method of claim 16 wherein said file associated with said merchantable work is a digital audio file.
- [c18] The method of claim 16 wherein said file associated with said merchantable work is a video file.
- [c19] The method of claim 16 wherein said file associated with said merchantable work is a binary executable computer program.
- [c20] The method of claim 16 wherein said file associated with said merchantable work is a an electronic book.